



RULE-MAKING ORDER

CR-103 (June 2004)
(Implements RCW 34.05.360)

Agency: Department of Financial Institutions

☒ **Permanent Rule**
☐ **Emergency Rule**

Effective date of rule:

Permanent Rules

☒ 31 days after filing.
☐ Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Effective date of rule:

Emergency Rules

☐ Immediately upon filing.
☐ Later (specify) _____

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

☐ Yes ☒ No If Yes, explain:

Purpose:

See attached sheet.

Citation of existing rules affected by this order:

Repealed: Repeals all of WAC 208-630. Please see attached sheet for list of repealed WAC.

Amended:

Suspended:

Statutory authority for adoption: RCW 31.04.165

Other authority : RCW 43.320.040; 31.45.030; 31.45.050; 31.45.200

PERMANENT RULE ONLY (Including Expedited Rule Making)

Adopted under notice filed as WSR 05-18-095 on September 7, 2005 (date).

Describe any changes other than editing from proposed to adopted version:

None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting: N/A

Name: _____ phone () _____
Address: _____ fax () _____
e-mail _____

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- ☐ That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

N/A

Date adopted:

NAME (TYPE OR PRINT)

Scott Jarvis

SIGNATURE

TITLE

Agency Director

CODE REVISER USE ONLY

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	<u>1</u>	Amended	<u>1</u>	Repealed	<u>0</u>
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	<u>25</u>	Amended	<u>60</u>	Repealed	<u>24</u>

The number of sections adopted at the request of a nongovernmental entity:

New	<u>3</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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The number of sections adopted in the agency's own initiative:

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>5</u>	Amended	<u>8</u>	Repealed	<u>0</u>
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The number of sections adopted using:

Negotiated rule making:	New	<u>25</u>	Amended	<u>60</u>	Repealed	<u>24</u>
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____

Purpose:

The proposed rules repeal the old rules, and make them comply with the Governor's Executive Order 05-03, Plain Talk. This will make the rules more user friendly for licensees and the public.

The proposed rules modernize and clarify existing rules, and add many changes required by the new law passed in 2003 (SSB 5452, Chapter 86, Laws of 2003), and 2005 (ESSB 5415, Chapter 256, Laws of 2005). In summary the proposed rule:

- Incorporates the statutory definitions, including the amendments and additions from the 2003 Act;
- Provides a more detailed description of the director's authority to conduct examinations and investigations;
- Conforms the consequences of late filing of annual assessment fees to the 2003 statutory changes;
- Eliminates securities and letters of credit as alternatives to the required surety bond;
- Establishes minimum requirements for small loan applications;
- Provides interpretive guidance regarding payment plans;
- Expands the requirements for disclosure statements to borrowers; and
- Makes additions to record keeping requirements.

These changes will assist licensees in operating their businesses in compliance with the new law. It deletes references to older provisions of the law no longer used by licensees such as eliminating securities and letters of credit as alternatives to the required surety bond. The new rule also clarifies exactly what the Director's authorities are in examinations and investigations. The new law requires that licensees offer payment plans to borrowers after four successive loans, and it also requires more disclosures that the licensee must provide to the borrower. This rule will assist licensees in the providing the payment plan and the disclosures.